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Spare copy

October 8, 1970

President & Directors,
Kennedy Silver Mines Ltd. (N.P.L.),
Box 279,
Port Alberni, B.C.

Attention Mr. James Law, President

Gentlemen:

PRELIMINARY GEOLOGICAL REPORT
River Silver Prospect, Smithers Area, B.C.,
Qaineca Mining Division

GENERAL

The prospect was examined on October 4, 1970 by the writer, accompanied by Messrs. Law and Pegan. Mr. Kris Nysven, co-owner, provided field guidance and mapping assistance. On completion of field work the party returned to Burns Lake for discussions with Messrs. Knute and Kris Nysven.

LOCATION & ACCESS

The property covers an approximate 3000 by 4500 foot area - situated about 12 miles N.N.W. of Smithers. The claims block straddles the Bulkley River, with its main extent being over the steep, drift-covered west bank and bench. Local topographic relief, from river level, is estimated at about 250-300 feet.

From Smithers, access to the property is via Highway 16 for 11 miles, roughly 3/4 miles of good secondary road, and about 1 1/2 miles of foot-trail across open, to lightly-forested bench land and the steep slope down to the river. From his initial impressions of the terrain, the writer would expect that an access road to a level of some 50-60 feet above the river showings could be

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rather easily constructed; however, due to the unstable nature of the clay deposits overlying the steep river slope, this would be best accomplished during periods when these deposits are relatively dry.

CLAIMS

Six contiguous claims form a near-rectangular block. The Riverside M.C., staked several years ago by Knute Nysven, was subsequently extended via adjoining locations by Kris Nysven. Claims forming the present group are listed:

<u>Name</u>	<u>Record #</u>	<u>Last Assessment Filed</u>
Riverside M.C.	7357	June 18, 1970
River Silver #1	40188	June 15, 1970
River Silver #2	40189	June 15, 1970
River Silver #3	40190	June 15, 1970
River Silver #4	40191	June 15, 1970
River Silver #5	40192	June 15, 1970

In the event that the Company acquires the group, a compass-tape survey of the above claims should be made, and fractions and additional claims staked as required.

SHOWINGS

These were mapped on a scale of 1" = 100'.

Exposures are restricted to a strip comprising river-bank gravels and talus, and bluffs fronting directly on the river to a height of 50-60' above it.

Bedrock showings consist of a band of sheared, schistose siltstones and argillites abutting bluff exposures of massive to slabby siltstone. Trends are ~~WNW~~ and sub-parallel to the course of the river in this locality. Dips range from flat, to steep southwestward into the hill.

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The local silver-lead-zinc-copper mineralization occurs as pods and lenses of brecciated schist (and siltstone?) cemented by quartz and siderite. Structural relationships within the few mineralized exposures not obscured by talus and glacial deposits suggest that the mineralization trends with the schistosity and local lithologic contacts and, at least locally, trends acutely to obliquely across these structures.

The principal showings, and the source of most of the samples taken to date comprise excavated fragments of mineralized material apparently originating from an old shaft (20') excavated through overburden and into bedrock at the schist-siltstone contact; a minor proportion of this material derives from sub-surface float revealed by the near-by Nysven trench into stratified gravel, sand, and clay.

The economic potential of the prospect lies in possible strike-extensions of the indicated shaft mineralization, and in the possible existence of other breccia-veins and lenses under the prevailing blanket of overburden. Ore sulphides comprise, in decreasing order of abundance, sphalerite, galena, tetrahedrite and, possibly, other sulpho-salts.

ASSAY DATA

To the extent of the writer's knowledge these derive mainly from excavated and natural "float":

<u>Sample #</u>	<u>Au, oz/ton</u>	<u>Ag, oz/ton</u>	<u>Pb, %</u>	<u>Zn, %</u>	<u>Cu, %</u>
2456-A	.01	51.5	6.27	7.30	N.A. (not asayed)
87835	N.A.	134.2	54.9	11.5	N.A.
87836	N.A.	61.9	11.1	22.8	N.A.
9728	NIL.	4.0	55.0	0.3	N.A.
9729	.02	161.6	22.1	13.9	1.6
29022	.03	110.9	15.54	37.5	0.73

Spectrographic analyses indicate the presence of Cadmium in fractions of one-percent amounts.

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Assays from two samples of excavated material taken by the writer are expected within a few days; the writer does not anticipate any marked divergences from the above metal contents.


PRELIMINARY RECOMMENDATIONS

1. Negotiate for acquisition of the property via terms that will permit preliminary exploration to determine the actual nature of the indicated mineral occurrences.
2. Un-water and clean out the existing pit or shaft; map and sample probable bedrock mineral exposures.
3. Depending on conclusions reached via step 2, construct an access road to, and drilling bench above the currently indicated mineral zone.
4. From the above bench, drill a series of short (under 100') holes to prospect local dip and strike extensions of the mineralization.

PRELIMINARY COSTS

A) Preliminary; accrued geological field, travel, office & expense charges, incl. car use	\$ 640.00
B) Claim surveys & extensions	\$ 250.00
C) Re-open shaft & sample	\$ 200.00
D) Access road & drill bench - 1½ days @ \$240.....	\$ 360.00
E) X-ray drilling, estimate 500' @ \$8.00.....	\$4,000.00
Provision for travel, office & engineering ...	\$1,000.00
Provision for related charges & contingencies..	\$ 750.00
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TOTAL, Preliminary Program..	<u><u>\$7,200.00</u></u>

Respectfully submitted,


W. M. Sharp, P. Eng.

WMS/jf.

Seal